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GENERAL

1. Recent Soviet moves to split Berlin--US Ambassador Murphy considers, in view of recently intensified Soviet moves to split the Berlin government and tighten the blockade of the western sectors, that the Berlin problem has now advanced far beyond the blockade and currency impasse of July 1948 with which UN negotiations are currently dealing. Murphy, therefore believes that "full knowledge and understanding" of recent Soviet actions and motives are required in order to prevent misunderstanding in neutral nations and world opinion in the event that the western nations find it necessary to refuse an apparent solution reached by the UN.

(CIA Comment: CIA considers that the possibilities of effecting a unification of the Berlin city administration are becoming increasingly remote in view of recent Soviet actions in splitting the city.)

2. Italy protests US position on Eritrea--Italian Foreign Minister Sforza has informed US Ambassador Dunn that the US decision to favor the cession of parts of Eritrea to Ethiopia would have serious political repercussions in Italy and might damage the US position in that country beyond repair. Ambassador Dunn does not consider that Sforza has exaggerated the gravity of the situation and recommends that the US position be reconsidered. In reply to the Italian Government's request that the US advocate postponement of the disposition of Italy's foreign colonies until 1949, the US Department of State has declared that the Italian request will be referred to the US delegation in Paris for consideration "in the light of all factors involved."

Document No. 049NO CHANGE in Class. DECLASSIFIED

Class. CHANGED TO: TS S C

- 1 - DDCI Memo, 4 Apr 77

Auth: DDCI Memo, 77/1763

Date: 16 MAR 1978 By: 028~~TOP SECRET~~

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WAR EAST

3. CHINA: Nationalist leaders plan war cabinet without Chiang -- US Embassy Nanking reports that Nationalist political leaders are currently considering the formation of a war cabinet in order to make an all-out effort to contain the Communists north of the Yangtze River. According to the Embassy, the plan envisages: (a) the withdrawal of Chiang Kai-shek from active participation in the Government, but his retention of the nominal status of president; (b) the formation of a new war cabinet with full emergency powers under the premiership of some national figure; (c) the abandonment of North China; and (d) the establishment of a defense line along the Yangtze River, utilizing the full power of the Nationalist Navy and the Air Force to prevent major Communist crossings.

(CIA Comment: CIA believes such a plan is basically sound and might have had success several months earlier. It is doubtful whether such a plan could be implemented now before the Communist armies reach Nanking.)

THE AMERICAS

4. GUADELOUPE: Possible Communist demonstrations -- US vice-consul Bartelt in Martinique reports that a "metropolitan Communist" agitator recently arrived at Guadeloupe and is planning by means of mass strikes and demonstrations to disrupt the 30 November West Indian Conference, to which the US is sending delegates.

(CIA Comment: CIA considers serious Communist-inspired disturbances a possibility. In such an event, the local police will not be able to maintain law and order or afford US citizens adequate protection.)

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25X1 5. VENEZUELA: Military junta fears civil disturbances - [redacted]

[redacted] that Accion Democratica groups in Venezuela have recently offered some armed opposition to the military group which has taken power in Venezuela and that the army is "worried about" interior points which are distant from army posts. US Embassy Caracas reports heavy firing on 25 November in the center of Caracas and adds that the military junta has suspended more civil liberties.

(CIA Comment: CIA considers: (a) the army has been too optimistic concerning the completeness of its success; and (b) the chances are good that there will be outbreaks of violence by partisans of Accion Democratica.)

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25X1 25X1 6. NICARAGUA: Possible move by Caribbean Legion [redacted]

[redacted] that the President of Guatemala will probably supply the Caribbean Legion with arms with which to move against Dictator Somoza in Nicaragua and President Caritz in Honduras. [redacted] expresses the view, however, that this information is being so openly discussed that no imminent action is indicated.

(CIA Comment: CIA believes that the Caribbean Legion may take action against Somoza at any time during the next month. Open discussion of these plans will probably not deter the Legion from taking action inasmuch as the Legion has sought publicity as a means of gaining popular support.)

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